

**DOVER TOWNSHIP**  
**LENAWEE COUNTY, MICHIGAN**  
**ANNUAL FINANCIAL REPORT**  
**MARCH 31, 2007**

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name DOVER TOWNSHIP	County LENAWEE
Fiscal Year End MARCH 31, 2007	Opinion Date SEPTEMBER 24, 2007	Date Audit Report Submitted to State SEPTEMBER 28, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

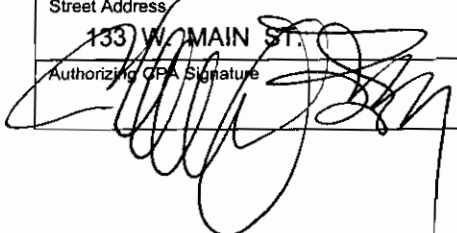
YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☒ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) PHILIP R. RUBLEY, CPA		Telephone Number (517) 458-2274	
Street Address 133 W. MAIN ST.		City MORENCI	State MI
Zip 49256			
Authorizing CPA Signature 		Printed Name PHILIP R. RUBLEY, CPA	License Number 9223

# PHILIP R. RUBLEY

— *Certified Public Accountant* —

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

September 24, 2007

**Township Board  
Dover Township  
Lenawee County  
2576 W. Carleton Rd.  
Clayton, MI 49235**

We have examined the financial statements of the Dover Township as of and for the year ended March 31, 2007 and have issued our report thereon dated September 24, 2007. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2007, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

Statement on Auditing Standards Pronouncement 112 requires us as auditors to communicate what we determine to be significant deficiencies and material weaknesses to management and those charged with governance in regards to internal control matters.

A significant deficiency is a control deficiency or combination of control deficiencies that creates the remote likelihood that a misstatement of the Township's financial statements is more than inconsequential and will not be prevented or detected.

Based on the criteria we have no comments.

**OTHER MATTERS FOR CONSIDERATION**

These comments are not significant deficiencies but are suggestions to improve your existing accounting and control systems.

1. **CAPITAL ASSETS**

It is imperative that you maintain your capital assets that exceed \$700.00, your threshold. Any assets disposed of or purchased, traded, etc. must be kept for proper updating to the capital assets system. This applies also to your un-audited periods.

2. **TAX REVENUES**

Tax revenues collected need to be paid within the 15 day period after collection. This was not followed in the un-audited year ending March 31, 2006, it was better for the year audited ending March 31, 2007.

3. **SETTLEMENT WORKSHEET - COUNTY**

A breakdown of delinquent personal and real taxes should be applied to each tax levy and not grouped together. This is a recommendation of the County Treasurer and provides a better audit trail.

4. **INTEREST INCOME**

Interest income in the tax collection fund should be transferred each year based on the fiscal year to the general fund.

5. **DESCRIPTION DETAIL**

Deposits should be detailed by type in the memo column to describe where the receipt is from. Example - (delinquent 2006 real property tax from county) in the general ledger.

6. **TAX COLLECTION FUND**

I would recommend that you transfer all funds except \$1,500 or so to the general, etc. after final collections. This would help in reconciling amounts due to authorities in the tax account.

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated September 24, 2007 on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

Respectfully Submitted,

  
Philip R. Rubley, CPA

**DOVER TOWNSHIP  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2007**

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**TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
 <b><u>FINANCIAL SECTION</u></b>	
Management Discussion and Analysis	1 - 6
Independent Auditor's Report	7
Government – Wide Statement of Net Assets	8
Government – Wide Statement of Activities	9 - 10
Governmental Fund Balance Sheet	11
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets	12
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Fiduciary Funds Statement of Net Assets	15
Notes to Financial Statements	16- 24
 <b><u>REQUIRED SUPPLEMENTAL INFORMATION</u></b>	
Budgetary Comparison Schedule – General Fund	25

**DOVER TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

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**Using This Annual Report**

The annual report consists of a series of financial statements. The statement of net assets and the statement of activities are both new and provide information about the activities of Dover Township government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

**Overview Of The Financial Statements**

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Township maintains 1 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**DOVER TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

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**Notes To The Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement, of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the Township include general government, public safety, public works, recreation and culture and community development.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories; governmental funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of *spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

#### **Other Information**

The Township has reported under required supplementation information, information about the General Fund which is the only Major Type Fund.

**DOVER TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

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**The Township As A Whole**

The Township's net assets for the year ended March 31, 2007 (decreased) by 12.91% over the prior year, and management feels that even though the economic conditions have been depressed, that the Township is stable.

The governmental activities reflect net assets of \$30,369.

The Township's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire these assets that are still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**DOVER TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

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**DOVER TOWNSHIP NET ASSETS**

**Governmental  
Activities**

**2007**

**Revenue**

Program Revenue:	
Charges for Services	\$ 2,357
General Revenue:	
Property Taxes	121,904
Grants and Contributions Not Restricted To Specific Program	115,025
Interest Earnings	<u>314</u>
<b>Total Revenue</b>	<u>239,600</u>

**Expenses**

General Government	56,630
Public Safety	79,316
Public Works	115,748
Community and Economic Development	261
Recreation and Culture	--
Other Functions	<u>16,648</u>
<b>Total Expenses</b>	<u>268,603</u>

**(Decrease) In Net Assets** (29,003)

**Net Assets Beginning of Year** 224,658

**Net Assets End of Year** \$195,655

**DOVER TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

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**DOVER TOWNSHIP NET ASSETS**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>
	<b><u>2007</u></b>
Current and Other Assets	\$165,286
Capital Assets	<u>30,369</u>
<b>Total Assets</b>	<b>\$<u>195,655</u></b>
<b><u>Net Assets</u></b>	
Invested in Capital Assets	\$ 30,369
Unrestricted	<u>165,286</u>
<b>Total Net Assets</b>	<b>\$<u>195,655</u></b>

**Government Activities**

Government activities (decreased) the Township's net assets by \$(29,003).

**The Township's Funds**

Our analysis of the Township's funds begins on Page 9, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Trustee Board and management creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, etc.

**DOVER TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2007**

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**General Fund Budgetary Highlights**

There are minor differences between the original budget and amended budget.

**Capital Assets And Debt Administration**

The Township's investment in capital assets for its governmental activities as of March 31, 2007, amounted to \$30,369 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment.

**Economic Factors And Next Year's Budget And Rates**

The Township's budget for 2007-2008 fiscal year has taken inconsideration, the economic condition of the State of Michigan anticipating reduced state share revenues. This will require close tabs on expenditures for the upcoming year and adjustments will be made to mirror, when possible, the revenue base, with expenses, providing some reserve.

**Contacting The Townships Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office at 2576 W. Carleton Rd., Clayton, MI 49235.

# PHILIP R. RUBLEY

– Certified Public Accountant –

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

September 24, 2007

Township Board  
Dover Township  
Lenawee County  
2576 W. Carleton Rd.  
Clayton, MI 49235

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dover Township as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Dover Township management. Our responsibility is to express opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Dover Township as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 1 through 6, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dover Township basic financial statements.

Respectfully Submitted,

  
Philip R. Rubley, CPA

**DOVER TOWNSHIP**  
**Government-wide Statement of Net Assets**  
**March 31, 2007**

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	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Cash and Equivalents	\$141,045
Receivables - Net	15,438
Prepaid Items and Other Assets	8,803
Capital Assets Not Being Depreciated	1,500
Capital Assets Being Depreciated - Net	<u>28,869</u>
<b>Total Assets</b>	<b><u>\$195,655</u></b>
 <b><u>Net Assets</u></b>	
Invested In Capital Assets	\$ 30,369
Unrestricted	<u>165,286</u>
<b>Total Net Assets</b>	<b><u>\$195,655</u></b>

**DOVER TOWNSHIP**  
**Government-wide Statement of Activities**  
**For The Year Ended March 31, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	<u>Capital Grants And Contributions</u>	<u>Net (Expenses) Revenues</u>
<b><u>Governmental Activities:</u></b>					
General Government	\$ 56,630	\$2,132	\$ ---	\$ ---	\$ (54,498)
Public Safety	79,316	---	---	---	(79,316)
Public Works	115,748	---	---	---	(115,748)
Community and Economic Development	261	225	---	---	(36)
Other Functions	<u>16,648</u>	<u>---</u>	<u>---</u>	<u>---</u>	<u>(16,648)</u>
<b>Total Governmental Activities</b>	<u>\$268,603</u>	<u>\$2,357</u>	<u>\$ ---</u>	<u>---</u>	<u>\$ (266,246)</u>

**DOVER TOWNSHIP**  
**Government-wide Statement Of Activities (Concluded)**  
**For The Year Ended March 31, 2007**

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	<b>Governmental Activities</b>
<b><u>Changes In Net Assets</u></b>	
Net (Expense) Revenue	\$ (266,246)
General Revenues:	
Property Taxes and Assessments	121,904
Grants and Contributions	
Not Restricted To	
Specific Programs	115,025
Unrestricted Investment	
Earnings	<u>314</u>
<b>Total General Revenues, Contributions and Transfers</b>	<u>237,243</u>
 <b>Change In Net Assets (Decrease)</b>	 (29,003)
 <b>Net Assets, Beginning of Year</b>	 <u>224,658</u>
 <b>Net Assets, End of Year</b>	 <u>\$ 195,655</u>

**DOVER TOWNSHIP**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2007**

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	<b><u>General</u></b> <b><u>Fund</u></b>
<b><u>ASSETS</u></b>	
Cash and Cash	
Equivalents	\$141,045
Prepaid Expenses	316
Receivables - Net	15,438
Due From Other Funds	<u>8,487</u>
<b>Total Assets</b>	<b><u>\$165,286</u></b>
 <b><u>LIABILITIES</u></b>	
Deferred Revenue	<u>\$ 2,695</u>
<b>Total Liabilities</b>	<b><u>2,695</u></b>
 <b><u>FUND BALANCES</u></b>	
Unreserved	<u>162,591</u>
<b>Total Fund Balances</b>	<b><u>162,591</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$165,286</u></b>



**DOVER TOWNSHIP**  
**Reconciliation of Fund Balances On The Balance Sheet For Governmental Funds**  
**To Net Assets Of Governmental Activities On The Statement of Net Assets**  
**March 31, 2007**

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<b>Fund Balances – Total Governmental Funds</b>	\$162,591
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

<b>Add:</b>	Capital Assets	59,819
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<b>Deduct:</b>	Accumulated Depreciation	(29,450)
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Revenue that has been billed as a receivable, but not collected until later years, was not reported in the funds.

<b>Add:</b>	Deferred Revenue	<u>2,695</u>
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<b>Net Assets of Governmental Activities</b>	<b>\$195,655</b>
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**DOVER TOWNSHIP**  
**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes In Fund Balances**  
**For The Year Ended March 31, 2007**

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	<b>General Fund</b>
<b><u>REVENUES</u></b>	
Taxes and Assessments	\$121,796
Intergovernmental	115,025
Licenses and Permits	225
Interest	314
Other	1,300
Franchise Fee	<u>832</u>
<b>Total Revenue</b>	<u>239,492</u>
 <b><u>EXPENDITURES</u></b>	
Current:	
General Government	54,455
Public Safety	79,316
Public Works	115,748
Community Economic Development	261
Other Functions	<u>16,648</u>
<b>Total Expenditures</b>	<u>266,428</u>
 <b>Net Change In Fund Balances (Decrease)</b>	 (26,936)
 <b>Fund Balances – Beginning of Year</b>	 <u>189,527</u>
 <b>Fund Balances – End of Year</b>	 <u>\$162,591</u>

**DOVER TOWNSHIP**  
**Reconciliation Of The Statement Of Revenues, Expenditures,**  
**And Changes In Fund Balances Of Governmental Statement Of Activities**  
**March 31, 2007**

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**Net Change In Fund Balances – Total Governmental Funds (Deficit)** \$ (26,936)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

**Deduct:** Depreciation Expense (2,175)

Revenue deferred on the governmental funds report, which has been charged to receivable and thus income on the statement of activities.

**Add:** Deferred Revenue other adjustments 108

**Change In Net Assets Of Governmental Activities (Decrease)** \$ (29,003)

**DOVER TOWNSHIP**  
**Fiduciary Funds – Statement of Net Assets**  
**March 31, 2007**

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	<b>Current Tax Collection Fund</b>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	<u>\$36,767</u>
<b>Total Assets</b>	<u>\$36,767</u>
<b><u>Liabilities</u></b>	
Due to General Fund	\$ 8,487
Due to Other Authorities	<u>28,280</u>
<b>Total Liabilities</b>	<u>\$36,767</u>

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Dover Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

**A. Reporting Entity**

Dover Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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Property taxes, franchise taxes, intergovernmental revenue licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

**The General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the government reports the following fund types:

The Agency Funds account for assets held by the Township acting as an agent for individuals, private organizations, other governments and/or other funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-side and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities and enterprise funds. Presently the township has no business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### **D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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**E. Assets, Liabilities, and Net Assets or Equity**

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Inventories** – All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. **Capital Assets** – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$700 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20 - 50
Building	10 - 50
Machinery, Equipment, And Furnishings	5 - 35
Infrastructure	15 - 100
Vehicles	5 - 15

6. **Fund Equity** – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. **Budgetary Information** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Township Board proposes a budget for review and holds public hearings and a final budget is adopted.

The appropriated budget is prepared by fund, function and activity. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is with the Board of Trustees.



**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

**B. Excess of Expenditures Over Appropriations In Budgeted Funds** - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2007, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
General Government:			
Board of Review	\$ 1,800	\$ 1,849	\$ 49
Elections	---	1,603	1,603
Public Safety:			
Fire	38,300	38,630	330
Public Works:			
Road and Maintenance	105,000	105,190	190
Spring Cleanup	1,500	2,381	881
Drains at Large	4,000	8,177	4,177

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The government unit's deposits and investment policy are in accordance with statutory authority.

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:** Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2:** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3:** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	<u>Category 1</u>	<u>2</u>	<u>3</u>	<u>Carrying Value</u>	<u>Market Value</u>
Checking, Savings and Certificate of Deposits	\$121,870	\$55,942	\$ ---	\$177,812	\$177,812
	<u>\$121,870</u>	<u>\$55,942</u>	<u>\$ ---</u>	<u>\$177,812</u>	<u>\$177,812</u>

Includes Trust & Agency fund cash of \$36,767.

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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**Balance Sheet Cash And Cash Investments**

The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Township's deposits are as follows:

<b><u>Deposits</u></b>	<b><u>Carrying Amount</u></b>
Insured (FDIC) (FSLIC)	\$121,870
Uninsured:	
Uncollateralized	<u>55,942</u>
<b>Total</b>	<b><u>\$177,812</u></b>

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

**Statement of Net Asset:**

Cash and Cash Equivalents	<u>\$141,045</u>
	<u>141,045</u>

**Statement of Fiduciary Net Asset:**

Agency Funds:	
Cash and Cash Equivalents	<u>36,767</u>
	<u>36,767</u>
	<u>\$177,812</u>

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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**NOTE 4 – CAPITAL ASSETS**

Capital assets activity for the year ended March 31, 2007 was as follows:

	<b><u>Beginning Balance</u></b>	<b><u>Increases</u></b>	<b><u>Ending Decreases</u></b>	<b><u>Balance</u></b>
<b><u>Governmental Activities</u></b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,500	\$ ---	\$ ---	\$ 1,500
<b>Total Capital Assets Not Being Depreciated</b>	<u>1,500</u>	<u>---</u>	<u>---</u>	<u>1,500</u>
Capital Assets, Being Depreciated:				
Buildings	46,747	---	---	46,747
Equipment	11,572	---	---	11,572
<b>Total Capital Assets Being Depreciated</b>	<u>58,319</u>	<u>---</u>	<u>---</u>	<u>58,319</u>
Less Accumulated Depreciation For:				
Buildings	(17,308)	(1,691)	---	(18,999)
Equipment	(9,967)	(484)	---	(10,451)
<b>Total Accumulated Depreciation</b>	<u>(27,275)</u>	<u>(2,175)</u>	<u>---</u>	<u>(29,450)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>31,044</u>	<u>(2,175)</u>	<u>---</u>	<u>28,869</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 32,544</u>	<u>\$ (2,175)</u>	<u>\$ ---</u>	<u>\$ 30,369</u>

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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Depreciation expense was charged to functions/programs of the Township as follows:

<b><u>Governmental Activities:</u></b>	
General Government	<u>\$2,175</u>
<b>Total Depreciation Expense</b>	
<b>Governmental Activities</b>	<u><u>\$2,175</u></u>

**NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES**

At March 31, 2007, the following were interfund receivables and payables in the fund statement.

<b><u>Fund</u></b>	<b><u>Interfund Receivables</u></b>	<b><u>Interfund Payables</u></b>
Tax Collection	\$ ---	\$8,487
General	<u>8,487</u>	<u>---</u>
<b>Total</b>	<u><u>\$8,487</u></u>	<u><u>\$8,487</u></u>

**NOTE 6 – PROPERTY TAXES**

The Township bills and collects property taxes and also taxes for the County and several School Districts within its jurisdiction. Collections and remittances of the County and School taxes are accounted for in the Current Tax Collection Agency Fund. Township property tax revenues are recognized as revenues in the fiscal year levied to the extent that they result in current receivables.

Property taxes attach as an enforceable lien on the property as of January 1.

**DOVER TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2007**

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**NOTE 7 – OTHER INFORMATION**

**Risk Management**

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2007, the government carried insurance through various commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**DOVER TOWNSHIP**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended March 31, 2007**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance With Amended Budget</u>
<b><u>Beginning of Year Fund Balance</u></b>				
<b>Resources (Inflows)</b>	\$141,775	\$144,027	\$189,527	\$ 45,500
Taxes and Assessments	90,000	122,476	121,796	(680)
Intergovernmental	95,000	95,000	115,025	20,025
Licenses and Permits	375	375	225	(150)
Interest	1,012	1,000	314	(686)
Other	1,400	1,400	1,300	(100)
Franchise Fee	---	---	832	832
<b>Amounts Available for Appropriation</b>	<u>329,562</u>	<u>364,278</u>	<u>429,019</u>	<u>64,741</u>
<b><u>Charges to Appropriations (Outflows)</u></b>				
<b>General Government</b>				
Trustee Board	3,500	3,575	2,040	1,535
Supervisor	9,128	9,396	9,275	121
Treasurer	11,428	14,291	11,144	3,147
Assessing	8,147	10,862	7,455	3,407
Clerk	9,428	9,696	9,319	377
Elections	2,500	---	1,603	(1,603)
Attorney and Auditing	3,000	1,400	---	1,400
Cemetery	11,500	12,246	10,650	1,596
Board of Review	1,800	1,800	1,849	(49)
Township Hall and Grounds	2,500	2,500	1,120	1,380
<b>Public Safety</b>				
Fire	38,300	38,300	38,630	(330)
Ambulance - ALS	38,000	43,453	40,686	2,767
<b>Community Economic Development</b>				
Planning and Zoning	375	375	261	114
<b>Public Works</b>				
Road and Maintenance	105,000	105,000	105,190	(190)
Spring Cleanup	2,000	1,500	2,381	(881)
Drains at Large	13,000	4,000	8,177	(4,177)
<b>Capital Outlay</b>	---	24,000	---	24,000
<b>Other Functions</b>	<u>22,700</u>	<u>42,100</u>	<u>16,648</u>	<u>25,452</u>
<b>Total Charges to Appropriations</b>	<u>282,306</u>	<u>324,494</u>	<u>266,428</u>	<u>58,066</u>
<b>Ending of Year Fund Balance</b>	<u>\$ 47,526</u>	<u>\$ 39,784</u>	<u>\$162,591</u>	<u>\$122,807</u>